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**SECTION:** NATIONAL/FOREIGN; Pg. A1**LENGTH:** 1400 words**HEADLINE:** BOSNIAN CHARITIES TIED TO TERROR**BYLINE:** By Brian Whitmore, Globe Correspondent**BODY:**

SARAJEVO, Bosnia and Herzegovina - During the past decade, hundreds of Islamic charities set up shop in war-ravaged Bosnia to rebuild homes, renovate schools, and feed, clothe, and shelter orphans and impoverished widows.

But for some of them, law enforcement officials say, the generosity disguised a nefarious agenda: to help Al Qaeda prepare for a holy war against the United States and its allies.

Emerging details about the activities of Islamic charities in Bosnia illustrate the challenges the United States faces in shutting down Al Qaeda's global fund-raising and money-laundering network.

The issue also illuminates a time bomb left over from Bosnia's 1992-95 war. As the West scrambled to save the country's Muslims from "ethnic cleansing," militant Islamic fundamentalists from the Middle East were using the chaos to establish a foothold in this Balkan nation, the officials said.

"They wanted to use Bosnia as a logistical base . . . and tried to radicalize the Muslim population," said Zlatko Miletic, a member of Bosnia's Anti-Terrorism Task Force.

The effort largely failed because the vast majority of Bosnia's Muslims are either secular or practice a tolerant form of Islam that abhors terrorism and fundamentalism.

But even after the 1995 US-sponsored Dayton Peace Accords ended the war and provided NATO-led observers, Islamic militants continued to operate in the region, often using charitable organizations as a cover.

"We detected a pattern here . . . for terrorist cells and those who aid and harbor them to operate behind the shield of legitimate humanitarian . . . organizations," Lieutenant General John Sylvester, commander of the NATO-led force in the region, said in a speech recently. "They were preaching good, and sometimes doing good, while plotting evil."

Bosnia launches probes into eight charities

Since Sept. 11, US and Bosnian officials have stepped up efforts against them.

The April 30 arrest in the United States of Enaam Arnaout, director of Benevolence International Foundation, which is based in Illinois and has offices in Bosnia and nine other countries, made international headlines and shined a spotlight on Islamic charities.

An FBI affidavit says the Syrian-born Arnaout, a naturalized US citizen who holds a Bosnian passport, is suspected of using the foundation to funnel cash, move people, and provide logistical support for Al Qaeda. He is also accused of links to Osama bin Laden and senior Al Qaeda lieutenants.

During visits to Bosnia since 2000, law enforcement officials say, Arnaout withdrew a total of \$500,000 from the foundation's bank account. There are no records of how the money was spent.

"There is a huge chance . . . that money was used for terrorist operations," said Dragan Lukac, Bosnia's police commissioner.

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Arnaout has been charged only with perjury. When US authorities froze the foundation's assets late last year, Arnaout sued and swore under oath that the charity had no ties to terrorism. He is being held without bond in Illinois.

Arnaout's case, officials say, is just part of a larger probe into a global web of charities.

A classified Bosnian intelligence report made available to the Globe identifies five Islamic charities suspected of laundering money, moving operatives, and providing logistical support for Al Qaeda and other terrorist groups. Bosnian authorities say they are investigating eight charities in all.

The 10-page report also alleges that executives in some charities had links to Al Qaeda, set up paramilitary training centers in Bosnia, and assisted terror suspects with cash and travel documents.

Bosnia's current government, elected in 2000, has pledged its full support in the war on terrorism and is probing the extent to which officials may have assisted the charities in illegal activities.

In October, Bosnian authorities arrested six Algerian nationals with alleged Al Qaeda ties who were suspected of plotting attacks against the US Embassy in Sarajevo. In January, they were turned over to the United States and transferred to Guantanamo Bay, Cuba. Five worked for Islamic charities.

The issue is politically explosive. Some 44 percent of Bosnia's 3.7 million inhabitants are Muslims, and the charities have poured millions of dollars into this impoverished nation. Cracking down on those seen as helping widows and orphans, while such war crimes suspects as Radovan Karadic and Ratko Mladic are at large, has touched a raw nerve.

Arms, bin Laden letters reportedly found in raid

The Arnaout case is the most dramatic. In March, Bosnian police raided the foundation's offices in Sarajevo and the central Bosnian city of Zenica. They said they found weapons, explosives, military manuals, a forged passport, photographs of Arnaout with bin Laden, correspondence between the two men, and a chart of Al Qaeda's command structure.

They also discovered nearly 100 top-secret documents about suspected terrorists operating in Bosnia, which were provided by Munib Zahiragic, a former official with Bosnia's security services and Foreign Ministry.

Thousands of Arab mercenaries came to fight against Serb and Croat militias during Bosnia's war. Afterward, hundreds remained in the country. As a member of Bosnia's security services, Zahiragic was responsible for monitoring the fighters. But law enforcement officials now say he was clandestinely helping them.

"This had huge consequences," said Miletic, of the antiterrorism task force. "It compromised sources, both foreign and local, who provided this information. It also left the law enforcement blinded."

Zahiragic worked for AID, Bosnia's security service, before the war and from 1996 to 2000. In 1994-95, he worked in Bosnia's Embassy in Kuwait. In 2000, he became the Benevolence International Foundation's Sarajevo director. In March, he was arrested and charged with espionage.

"We are still trying to establish whether Zahiragic was acting on his own or following orders," Miletic said.

The foundation also helped set up paramilitary Islamic training camps in Bosnia during the war, according to the intelligence report. Militants from Afghanistan and Pakistan staffed the camps, "tasked with transferring military experience from those countries," it said.

In May 1998, two months before bombings at two US Embassies in Africa killed 224 people, the foundation sponsored a Bosnian visa for Al Qaeda's cofounder, Mamdouh Mahmud Salim. Arnaout rented Salim an apartment and identified him as one of the foundation's directors. Salim was arrested after the embassy bombings and awaits trial in New York on terrorism and conspiracy charges.

Through his lawyers, Arnaout repeatedly has denied all the allegations. Alen Cosic, deputy director of the foundation's office in Zenica, said the organization's missing money was used for housing construction, and contended that the FBI fabricated evidence against Arnaout.

Several other charities are under investigation as well. In October, US forces raided the offices of the Saudi High Commission for Relief of Bosnia and Herzegovina. The charity's computer hard drives contained information about crop dusters, pesticides, and maps of major US and European cities and military installations.

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A raid by Bosnia police on the Al Haremein Islamic Foundation in March found that the organization had destroyed all of its financial records for 1994 through 1998. Bank records show that \$1.59 million was withdrawn from the charity's bank account from 1999 to 2001.

"We believe that the clear lack of any concrete humanitarian projects indicates that the existence of this organization was a fictitious cover for probable links with terrorism," the Bosnian intelligence report said.

The report alleges that Muhamed Krimi, the director of another charity, the Saudi Arabian-sponsored Al Haremein Al Masjed Al Aqsa Charity Foundation, made contact in July 1999 with Abdul Salem Al Heilahi, a Yemeni security official who is allegedly tied to bin Laden. The charity, according to the intelligence report, cannot adequately account for how it spent \$3.5 million in 1999.

"No one has any idea where the money went," said Ivica Misic, Bosnia's deputy foreign minister and head of the Anti-Terrorism Task Force. "We suspect some of it could have been used for terrorist operations. The investigation is going on and we expect results."

**GRAPHIC: PHOTO**, Six Algerians, in car guarded by Bosnian police in January, are accused of having Al Qaeda ties. They allegedly plotted attacks against a US embassy. Five worked for Islamic charities. / AP PHOTO

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